Ford Motor Company Analysis

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Introduction

Ford Motor Company is one of the largest and the most financially sound car manufacturers in America. The economic and stimulating crises caused the firm to face strategic and management challenges. The operations and the functions of the firm are forced to liquidate its assets and move towards bankruptcy. The analyst is of the view that the company will be free from the funding of the government after its progression and the execution of proper strategic plans. Opportunities for revitalization exist for Ford Motor to flourish and dominate its competitors.

Discussion

The company was founded in the years of 1903. Henry Ford was the organizer, and his family controlled the firm since the time of its birth. With assembly line production, the company developed the vehicles and the planes for Allied forces in World War II. Since 1904, Ford has been operating internationally, and it opened its network in the Canadian state in the same year. Ford remained the dominant car manufacturer in the first half of the 21st century. In the second half of the century, Toyota shares the market by manufacturing cars and exporting them to the US market. The times were the turning point for the US economy, and it was also difficult to share the business with the competitive global market.

The company is significantly inhibited by the substantial legacy costs, from the healthcare and pension benefits and falling the demands for the lucrative lines of the vehicles. To streamline the lines of supply, the company 1996 launched the 'Ford 2000' initiative and confirmed the worldwide operative in a systematic way (Bals, 67). Despite certain successes, like the Ford-focused model, the firm's prices were higher than its competitors. The biggest loss in the company's history was during the year 2006, and it cost 13 billion dollars. The consistent deterioration of the company in the market provides benefits to Toyota and General Motors, which enlarge their shares.

In a decade, the company's US operations plummeted from 25 percent to 15 percent. During the failure times, Alan Mulally was hired as the chief executive officer of the company. The new restructuring plan was adopted and named 'The Way Forward' for the purpose of the collaboration of aligned capacity with the demand. According to the new policy, seven assembly plants were closed along with the strategic reorientation of the business. The plan involved the standard strategy and the creation of the standard Ford personality. Many automobile companies have adopted the policy of Ford. More focus was on the plate of Ford's name. Ford mortgaged all the assets, which included intellectual and physical property.

The potentially desperate move and timely acquisition of the capital have revealed Ford as the most stable among the other carmakers. During the crisis company also divested some of the non-food brands. Selling Jaguar and land rovers to Tata Motors for 2 billion dollars was also a divested investment (Becker, 45). Ford completed the sale of Volvo Cars in 2010 and discontinued the Mercury brand, so those brands should not be listed as part of its current portfolio. Ford's 2025 Form 10-K reports approximately 169,000 employees worldwide and identifies Ford and Lincoln vehicles, Ford Credit, and the customer-focused Ford Blue, Ford Model e and Ford Pro segments.

The number remained stable during the past three years. A slight change in the European region, which was twenty-seven percent. Financing for the purchases of wholesale is all done by the Food credit (Chen, 340). The number is slightly below eighty percent. The automotive segments of Ford's Company are manufacturers, cars, trucks, and the SUV's vehicle parts. The sector was broken by the regions of South and North America, Europe, and Asia Pacific Africa. Volvo is the only exception in this regard. It manages the sale of Volvo in the world business networks. The retail sales of the dealership model include the dealership signs and contracts with the companies to sell the Ford Vehicles.

There were nearly four thousand dealerships that operated in the last decade. Half of the dealerships are sold with the brands of Mercury, Lincoln, and Ford. The production of the vehicles for the company takes twenty days from the time of shipping. It means that Ford is not backlogging or facing a little inventory buildup. In the spring and summer, due to high demand, the production is primarily high in the first two quarters of the business. The company is the largest automobile service provider in the world.

The current market cap of Ford Motors is ten billion dollars. The past few years have been intimidating to the shareholders of the US automakers. The equity valuation of General Motors and Ford Motors has distorted subsequently (Dennis, 7). The trade of Ford stocks was above 14 dollars per share in the last decade. Burning through cash on hand and the unprecedented rate, there were huge losses to the Ford Company in 2008. The estimates afterward predicted that the company would not face any more losses in the future. The company has been engaged in strategic downsizing for the past few years (Macdonald, 13). The approach is applied in the US market ceding the market share to its competitors. The management is acknowledging the fact that the company is not allied with request and has stripped its business from many corporations.

Ford Motor, at the moment, maintains around 15 percent of the US market share. Fourteen million cars have been traded in the United States in recent years. The estimates are bleaker than the past year, with the predictions ranging from 10 to 12 million dollars. Sales were down from the increased rates, which were around 38 percent. The market share of the Ford in the European region is currently ten percent. The strategically important places and the state are including Russia and Turkey. The company has achieved above-average market saturation. The shares of Fords in Mexico and Canada are hovering near twelve percent. However, in China and India, the ratios are extremely low.

The financial conditions of the company show deteriorateable condition. Ford entered in the year of

2009 with a cash in hand of fifteen billion dollars. In the same way, GM and Chrysler are also negotiating with the state to act as a lender and save the two companies from bankruptcy. The bailout package for the automakers provides them worth of loans and financial assistance. According to the policy of the bailout package, the companies were restricted for viability. The repurchase of the loans by the Ford Company is a productive and strategic step towards securing long-term financial security (Macdonald, 15). Ford must strive for the best and push its rivals to be closed down, especially those corporations working in the eurozone and America.

The company must restructure its supply chain and change it according to the advanced rules of strategic business management. There are sixteen hundred suppliers of the company, which could be reduced to half of the total number (Qi, 15). The current instability in the market, specifically the potential bankruptcy of the competitors, increases the importance of the reduction in the supplier's chain. The contracts of Ford can be reduced for the economic stability of the market. Other than the critical suppliers, the company must examine the overall performance and services of the suppliers. Those contractors should be given preference over all the distributions made by the suppliers. The significant importance is for Visteon, which has had a business of four million dollars during the last decade.

Ford is applying certain strategies to boost its business. The target audience for the strategy is to or more segments by developing the marketing mix of each segment. The company has different types of cars and different consumers. The economic cars, vans, station wagons, trucks, sports cars, and luxury cars are some of the samples of Ford Company. Focusing on young males and females, the company also has the Ford Fiesta car. Six-stigma applied by Ford to control the system by eliminating the data-driven deficits. The company has been regarding the DAMAC approach over Six Sigma programs. Those include the Define, Measure, Analyze, Improve and the control.

To maintain the marketing edge over the competitors Ford is using different promotional strategies. Advertisements, attractive logos with slap lines, and amazing designs are the features that provide the company an edge over the activities of its contenders. Below the line and above the line are the two promotional strategies of the Ford organization (Reich, 415). The definition of promotional strategy, according to Ford's strategy, is the building of long-lasting relationships with previous and loyal customers. It also includes the potential and new costumes. The company, despite the fact that it does not sponsor sports events and activities, has the edge and exclusive opportunity in the challenging market.

The sponsorship times helped the organization to tap the passion for sports of its customers and raise the brand names and images of the company in the eyes of customers and fans. This technique also allows them to handle the promotional side of the business with tactics to develop their brand name (Srinivasan, 641). Certain new changes could be seen in the strategy of the company as it will use 'pull' strategies for the new segments while 'push' strategies for the traditional segments. In the Company's public relations strategies, sponsorship has an effective role. Two major objectives could be fulfilled through the public relations campaign: the first one is the building of brand recognition and reinforcement, while the second is to achieve good relations between customers and the company.

The pricing strategies of the Fords are market-based pricing and the base for more demand. The company is applying innovative plans that include the ‘Blue Tag’ means that reduction in the recommended list price of the small and medium cars from smaller to larger cars. It also included the reduction of the dealers and discounts. A six to fifteen percent price discount is on the Ford Fiesta cars. The company is adjusting two types of prices which are penetration pricing and skimming pricing. Penetration pricing is a tool that includes artificially low prices aimed at attracting a larger number of customers and influencing market share. In the presence of many competitors, the strategy is good. Profits are mostly not the main concern in such kinds of plans.

The most important aspect of the pricing strategies is to get the product known and worry about the money of the particular product (Steiber, 13). The company’s pricing programs for commercial and passenger vehicles are set to strengthen the appeal of brands for retail customers. It called up the benefits for the ultimate customers. Ford strives for a balance between technically advanced features and quality, which results in a reasonable price. For the low-income group, the company provides reasonable prices along with the capacity to save on low maintenance and fuel consumption (Tewari, 25). The requirement of the business is the minimize costs that are connected with the software and managing of the specific software in the vehicles.

The reduced costs allow the company to come up with different ways of dealing with the business. An innovative way of testing, managing and validating the software content is essential and goes on the vehicles of Ford’s Company. This is the most important aspect of the future supply and affects the quality of the products delivered by the Fords. The reprogramming is the controller ad much quicker than the replacement of hardware, ultimately decreasing the price of repairing. The practice also decreases the risk of a party being out of stock. It helps the customer to be satisfied while leaving the car overnight.

By applying the research techniques, Ford Motors classified the names of generous, elegant, and midsize cars. The use of blue oval symbolizes the Ford brands along with the determent value-added and price to the cars. The Ford oval symbol has historical value for the company, and it is also the most standard logo in the world. The US market position of the company provides it the strength in contrast with its competitors. Since America is central to many states, people from across the globe visit and are known to different professions. Those people also give benefit to the profit and business of the company.

The financial performance of the company is its edge over other companies. It has the standard and value in the US business market (Qi, 15). The growth of the company is also benefiting and strengthening its position in different parts and regions of the world. Significant growth of the Ford operations in China is the contribution besides the other weaknesses of the company. However, there are certain weaknesses of the company, like the high-cost structure, which prevents the common customer from buying the car or any vehicle (Reich, 417). The European operations of the company are unprofitable, and there is no ideal growth that could enlarge the business of the corporation. In the same way, the company lacks its operations and business in the Asian region.

The Asia Pacific region is also an important business hub for the company if due attention is given to the operations. A reasonable investment in this region has the potential to repay the double amount to the company. The green vehicles can enhance the opportunities and value of the company. An increase in fuel prices is also a good choice for the company to boost and enlarge its business. Partnerships with other leading organizations can enhance the viability of the Fords Company. Most of the company's vehicles and operations rely on the high prices of the fuels. If it goes down, it will significantly affect the business.

The rising of the raw material is also a big challenge and threat for the company. Modifying and streamlining the said material will influence the financial issues of the company. The most important of all the challenges for the Ford Corporation is the fluctuating prices, which create a kind of uncertainty in the business market. Unstable prices in every business, including the vehicles, placed dangers for all the investors (Srinivasan, 648). The company will have to tackle the issue of changing the atmosphere of the stock exchange and the decline in certain prices. The five forces analysis of the Porter model reveals that the Ford company maintains its position as one of the largest manufacturers of automobiles.

The external factors of Michael Porter developed the five forces for the industrial environment. The company faces the toughest competition in its business market. The analysis shows that competing firms are influencing the atmosphere of automobiles (Greenspan, 11). The high aggressiveness of the firms, the moderate number of firms, and the high exit barrier are the external factors that contribute to the competitive challenge for Ford Motors. In the same way, certain external factors influence the bargaining power of the company. Those include the moderate switching costs, availability of substitutes, and the moderate size of the individual.

The suppliers also have a moderate influence on the company. Overall supply, the moderate population of the suppliers, and the low vertical integrative forces significantly destroyed Ford's supplier forces. Similarly, the substitution and the availability of the substitute affect the products of Ford's company. The low performance of the substitutive forces enhances the quality and reliability of Ford's products (Greenspan, 13). Customers can easily switch to other companies because of the attractiveness and easy integration, which could be a challenge for the company. In the industrial environment, the company feels that new entrants are influencing the business of the company. Based on the analysis of Michael Porter, the company has a weak threat from its competitors.

There are certain problems faced by the Ford Motors. After averting the issue of bankruptcy, the company's desirable problem is the demand, which outstripped its production capacity. Despite getting away from the demand and building plants the destructive carmaker is finding ways for more production from the existing factories located in North America. The company is decreasing the blockages of the suppliers and increasing the assembly line speed. It also started the round-the-clock production to roll out more production with the passage of per hour (Dennis, 11). The company's rivals are also getting increased demands. Honda will invest two hundred million dollars to boost the capacity in Ohio. I80 million dollars will be spent on the engine plant to speed up the services.

Chrysler is also formulating developmental and reformative plans for the competition in the automobile industry. It is adding capacity, which will ultimately create jobs of around three hundred at the Michigan engine plant. Another competitor is General Motors, which is planning the launch eighteen updated and new vehicles in the coming year. It has announced that the company will enhance its investment of two million dollars in the Tennessee plant (Tewari, 25). The purpose of the investment is to build new midsize cars. Increased competition and the challenges show that Ford Motor Company will have to devise a strategy that could effectively tackle rivalries in the business environment of the automobile industry. The corporation is trying to cope with the problem by launching multiple programs but needs more to sustain in such a complex environment.

Conclusion

Concluding the discussion, Ford Motor Company is one of the largest and most financially rigorous car manufacturers industry in the United States. The corporation needs to decrease the cash burns and bring prices downcast as quickly as possible in order to stay inundated in the problematic economy of the modern era. Similarly, a highly managed liquidation can influence the business of the company. Ford Motor must differentiate itself from its competitors by executing the One Ford vision. The company must not misplace its vision of the larger picture while bidding to make the most of Chrysler's and GM's faintness.

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